
6. THE MISSISSIPPI RIVER REGIONAL PLANNING COMMISSION'S ACTION PLAN FOR ECONOMIC DEVELOPMENT



INDUSTRY CLUSTER BASED ECONOMIC DEVELOPMENT

As is pointed out in Chapters 3 and 5, lower income levels, lower rates of population growth, an aging population and low workforce growth rate negatively impact the Mississippi River Region's economy. This situation is not caused by lack of jobs or unemployment but by lower numbers of higher paying jobs that reduce our ability to retain and attract a younger and higher educated workforce.

To help the nation's regions overcome their economic problems and become more globally competitive the US Council of Competitiveness and the National Governors Association are recommending that regions pursue an economic development concept referred to as cluster based economic development. This concept for economic development involves more closely aligning our public and private resources around clusters of similar industries to help them become more innovative and successful.

Guidance reports prepared by the US Council of Competitiveness defines regions as being made up of three different types of industries.

- ◆ *Local Industries* are industries present in almost every region and their employment levels are roughly proportional to their regional population. These industries provide goods and services primarily within a region or local market area. Retailing, service businesses, construction, health care, education and utilities are some examples of local industries.
- ◆ *Resource Driven Industries* are dependent upon the location of a resource and employment in these industries are primarily located where the resources are found. Dairy farming, pulp and paper mills, logging, mining and commercial fishing are examples.
- ◆ *Traded Industries* are industries that are not dependent on local markets or natural resources to succeed. These industries compete to sell products and services across regions and often to other countries. They locate in a particular region based not on resource availability but on broader competitive considerations. Examples include aircraft engines, sports equipment, engine parts, motion pictures, automobile assembly, computer hardware and software, medical devices, and footwear.

The US Council of Competitiveness points out that while all three of the above industries play an important and much needed role, *"traded industries are the dynamic core of a regional economy"* and *"The way to increase prosperity of an entire region is to increase wages in traded industries."* Other key industry cluster based economic development concepts include:

- ◆ Innovation and productivity are key to creating prosperity—the goal of economic development.
- ◆ Industry clusters are producers and catalysts for innovation and productivity
- ◆ "High Tech" clusters account for a small percentage of jobs and wages in most regional economies and their overall impact on a regional economy is usually small. They are however very productive, high wage producing and region's with strengths in high tech clusters benefit from their presence.
- ◆ Traded industries are the dynamic core of a regional economy.
- ◆ The majority of traded industry jobs in a region are in clusters that are not perceived to be high tech. In order to meaningfully increase overall regional prosperity innovative capacity must be built in many clusters.
- ◆ Regional economic development strategies should encompass a wide range of clusters and be attentive to clusters that overlap. Overlapping clusters offer potential synergies in skill, technology and partnership.
- ◆ Strong leadership committed to regional economic development is needed to ensure that companies, educational institutions, governments and economic development organizations contribute to their full potential to cluster based initiatives.
- ◆ An overarching organizational structure for economic development is needed to help coordinate and implement cluster initiatives.
- ◆ No single cluster strategy will work for all regions. Each must craft a distinctive approach based on its unique assets.

In the Mississippi River Region three particular industry clusters are dominant. They are:

- ◆ Equipment, Machinery and Metal Product Manufacturing
- ◆ Agriculture and Food Product Manufacturing
- ◆ Forest and Wood Product Manufacturing.

Over 350 companies with over 18,000 employees make up these three manufacturing clusters. These manufacturing companies comprise almost 60% of all manufacturing companies in the region. Manufacturing as a whole is a State of Wisconsin and Regional strength in terms of number of jobs, job earnings and earnings generated per job. Due to the fact that our region is dependent on manufacturing our first three economic development strategies are centered on manufacturing. We also are proposing cluster initiatives in other sectors of our economy as well because of the value added resources that are created when public and private parties come together in brainstorming on how they collectively can work together to help make a given industry cluster more globally competitive. To successfully accomplish cluster initiatives support and leadership will be needed from not only the companies but also from regional planning commissions, utility companies, local and regional economic development organizations, technical colleges, governments, workforce development organizations, and universities.

The following are examples of initiatives industry cluster associations could undertake to help make their industries become more competitive and prosperous in the global marketplace. These initiatives would involve cost sharing and resource pooling arrangements between companies and public partners.

- ◆ Jointly acquiring raw materials (inputs) for quantity discounts
- ◆ Development of supply chain management efficiencies for inputs and products produced
- ◆ Developing plant and office production efficiencies (Lean Manufacturing, Lean Office, Six Sigma)
- ◆ Providing industry cluster cost shared education and training assistance for technicians, engineers, scientists, analysts, assemblers, welders and fabricators or other commonly shared production or supervisory positions
- ◆ Enterprise Resource Planning (ERP) system training
- ◆ Developing mutually beneficial industry cluster contracts between industries and public economic development organizations to maximize each industry's production capacity in terms of:
 - Floor space
 - Machinery and equipment
 - Laboratories
 - Material and product testing services
 - Research and development resources
 - Transportation and warehousing services
 - Information technology
- ◆ Increase industrial park land and building inventory through public - private ventures
- ◆ Assist in expanding regional chapters, organizations, and education opportunities in the science, technology, engineering and mathematic professions and initiatives to improve image of manufacturing occupations as a career choice
- ◆ Joint health care insurance pooling and administration initiatives
- ◆ Energy assistance
- ◆ Joint Marketing assistance
- ◆ Pursuing federal, state and private grants to assist in funding any of the above private market driven initiatives

Based upon the analysis of our regional economy conducted in earlier chapters of this report and the recommendations mentioned above from the US Council of Competitiveness, the Mississippi River Regional Planning Commission is proposing a regional economic development actions around:

- ◆ Developing cluster initiatives around our regional industry strengths
- ◆ Increasing efficiency and productivity through infrastructure improvements
- ◆ Encouraging entrepreneurship and business innovation
- ◆ Encouraging renewable energy development and energy conservation
- ◆ Improving on our region's level of acceptance of people from different races, cultures and backgrounds
- ◆ Encouraging activities that will protect our natural resources and improve recreational opportunities.
- ◆ Further developing the capacity of our organization to meet the planning and economic development needs of our region

The detailed goals and objectives that make up these actions are described on the following pages.

Mississippi River Regional Planning Commission Economic Development Action Plan 2007 –2012

GOAL 1: Provide support to our region's economic driver industries and industries that show opportunities for growth due to key regional assets available to serve them.

Objectives	Strategies	Time Frame
<p>Objective A: Promote and help further develop our Region's Equipment, Machinery and Metal Manufacturing Industry Cluster</p>	<p><u>Strategy 1.</u> Assist in establishing and maintaining this industry cluster as a formal organization that will lead to joint ventures, strategic alliances, and a highly skilled workforce that will create new jobs and increase income levels in the Region.</p> <p><u>Strategy 2.</u> Provide revolving loan fund assistance to an equipment, machinery and metal product manufacturer interested in expanding in the Lakeview Business Park in West Salem.</p>	<p>Time Frame: 2007-2012</p> <p>Time Frame: 2007-2008</p>
<p>Objective B: Promote and help further develop our Region's Agriculture Production and Food Processing Industry Cluster.</p> <p>Organic farming, direct to consumer agriculture or community supported agriculture production systems show great growth potential for our region.</p>	<p><u>Strategy 1.</u> Investigate the interest among industries and economic development organizations on establishing and maintaining this industry cluster as a formal organizational network that will lead to joint ventures, strategic alliances and a highly skilled workforce that will create jobs and increase income levels in the Region.</p> <p><u>Strategy 2.</u> Continue to assist the Village of Cashton with the development of the Cashton Greens Energy Park that will allow for the development of Organic Valley's milk filtration plant and distribution center.</p>	<p>Time Frame: 2007-2008</p> <p>Time Frame: 2007-2009</p>
<p>Objective C: Promote and help further develop the Region's Forest Product and Wood Manufacturing Industry Cluster.</p> <p>The Department of Natural Resources recently reported that: for every 10 jobs in the forest products industry an additional 16 jobs are produced in other sectors of the State's economy; the average age of a logger is 52; and the forest products industry average wage is \$38,000 compared to the state average of \$30,000.</p>	<p><u>Strategy 1.</u> Investigate the interest among industries and economic development organizations on establishing and maintaining this industry cluster as a formal organizational network that will lead to joint ventures, strategic alliances and a highly skilled workforce that will create jobs and increase income levels in the Region.</p>	<p>Time Frame: 2009-2012</p>
<p>Objective D: Promote and help further develop the Professional, Scientific and Technical Services Industry Cluster.</p>	<p><u>Strategy 1.</u> Investigate the interest among industries and economic development organizations on establishing and maintaining this industry cluster as a formal organizational network that will lead to joint ventures, strategic alliances and a highly skilled workforce that will create jobs and increase income levels in the Region.</p>	<p>Time Frame: 2007-2012</p>

GOAL 2: Promote and help further develop more localized economic cluster initiatives that will lead to increasing exports of products or services and importing of additional capital into the region's communities. (Printing; Navigational, Measurement and Control Instruments; Medical Devices; Composites; Health Care; Transportation and Warehousing; and Art, Entertainment and Recreation are other economic clusters of specialization in or around our Region that industry cluster initiatives could be centered around.)

Objectives	Time Frame
<p>Objective A: Investigate the interest among industries, businesses and economic development organizations in establishing more localized industry clusters of specialization that will lead to joint ventures, strategic alliances and a highly skilled workforce that will create jobs and increase income levels in the Region.</p>	<p>Time Frame: 2007-2012</p>

GOAL 3: Promote and help further develop the Region's renewable fuel capacity including but not limited to ethanol, bio-diesel, manure digesters and charring facilities, wind turbines, and refuse derived fuel facilities.	
Objectives	Time Frame
Objective A: Coulee Area Renewable Energy LLC is planning to construct a 50 million gallon a year ethanol plant in Sparta's industrial park. Project is estimated to create 35-40 jobs and increase tax base by \$5 million. Additional supply chain businesses servicing the ethanol plant are also projected to experience expanded business. If local government is supportive of project, provide assistance when requested.	Time Frame: 2007-2010
Objective B: Cannon River Clean Fuels is researching a fifty million gallon ethanol plant that could possibly be located in the County owned Trenton Industrial site near Hager City. \$100 million project and 65 jobs created to operate facility. Corn market study is underway covering Buffalo, Pepin, Pierce, St. Croix, Dakota, Goodhue, and Wabasha counties. If County and local governments are supportive of this project, provide assistance when requested.	Time Frame: 2007-2012
Objective C: Continue to provide assistance to the Cashton Greens Energy Park. A biodiesel facility and manure charring facility being proposed in the Cashton Greens Energy Park is planned to produce 12 million gallons of biodiesel per year. It will combine soy oil and other vegetable oils with methanol to create biodiesel. Fifteen new jobs will be created.	Time Frame: 2007-2008
Objective D: Provide planning and zoning regulation assistance as requested to local governments being considered for renewable fuel facilities.	Time Frame: 2007-2012

GOAL 4: Promote and help further develop the Region's transportation, telecommunication, electrical transmission and public facility infrastructure system.	
Objectives	Time Frame
Objective A: Assist La Crosse County and West Salem with the implementation of the \$3.6 million Lakeview Business Park and creation of 90 new jobs upon full business development in the park.	Time Frame: 2007-2010
Objective B: Promote Tomah, La Crosse, Winona, Red Wing and Twin Cities as the first priority and principal route for the proposed high-speed rail route between Chicago and Minneapolis St. Paul.	Time Frame: 2007-2012
Objective C: Assist state and local governments and private transportation providers in responding and implementing their plans under the new Federal, Safe, Accountable, Flexible and Efficient Transportation Equity Act.	Time Frame: 2007-2012
Objective D: Assist state and local governments and private providers in delivering broadband internet service throughout the Region to encourage education, e-commerce, entrepreneurship, and business innovation. Serving as the administrator of several revolving loan funds and the Western Wisconsin Technology Zone, the MRRPC can assist in providing these resources to assist in broadband service delivery.	Time Frame: 2007-2012
Objective E: In cooperation with the region's local governments, economic development organizations and utility companies, investigate the desire to develop larger industrial park sites to accommodate large scale industrial park expansions and assist in the development of such sites where local government and public support is evident.	Time Frame: 2007 -2012
Objective F: Assist in informing the public and our legislators about rail line cost concerns to deliver coal to the region from Wyoming and the need for additional transmission lines to tap renewable wind energy sources in our region and in Iowa and Southern Minnesota to meet future renewable energy requirements.	Time Frame 2007 -2012

GOAL 5: Promote and help further develop the Region's workforce and encourage entrepreneurship and business innovation.	
Objectives	Time Frame
Objective A: Continue to have a representative serve as a member on the Western Wisconsin Workforce Development Board and encourage projects and programs that lead to building a more highly skilled workforce and that create opportunities for business entrepreneurship and innovation.	Time Frame: 2007-2012
Objective B: Encourage regional cost sharing and resource pooling to maximize the region's revolving loan fund capital base. Also encourage defederalizing revolving loan funds so some funds can be used for equity investments (purchasing business stock) as opposed to being used strictly for business debt financing.	Time Frame: 2007-2012
Objective C: As a designated Economic Development District of the U.S. Department of Commerce, Economic Development Administration (EDA), the MRRPC is in a unique position to tap this Federal agency's grant and loan funds. It is conceivable that a regional project centered around entrepreneurship and innovation could be funded by EDA if it was market driven, technologically advanced and had support from the Region's universities, technical colleges, utility companies, workforce organizations and local government. Examples: Testing lab facility, high tech equipment purchase that can be used and shared by several industries, or an industry cluster related education and training program.	Time Frame: 2007-2012
Objective D: Encourage regional economic development organizations and local governments to promote the Western Wisconsin Technology Zone and I94 Technology Zone Tax Credit Programs that awards tax credit to businesses that are expanding and are high technology in nature.	Time Frame: 2007-2012
Objective E: Continue to work on developing a more formal regional economic development organizational network for the purpose of improving economic development services to business and industry through cooperative cost sharing and resource pooling initiatives.	Time Frame: 2007 -2012

GOAL 6: Promote and help further develop the Region's ability to accept and respect people from different races, cultures, and backgrounds.	
Objectives	Time Frame
Objective A: Continue to provide assistance to the Hmong Mutual Assistance Association's Cultural Center and Fund Raising Committee.	Time Frame: 2007-2012
Objective B: Investigate interest in supporting development of a regional report that illustrates how communities and regions with diverse races and cultures can have a better ability to innovate, increase productivity and prosper and how supporting diversity could help overcome our Region's economic demand for workers and our projected loss in political power due to projected slower rates of population growth in our Region and our State, compared to many other states and the Nation as a whole.	Time Frame: 2007-2012

Comprehensive Economic Development Strategy (CEDS)

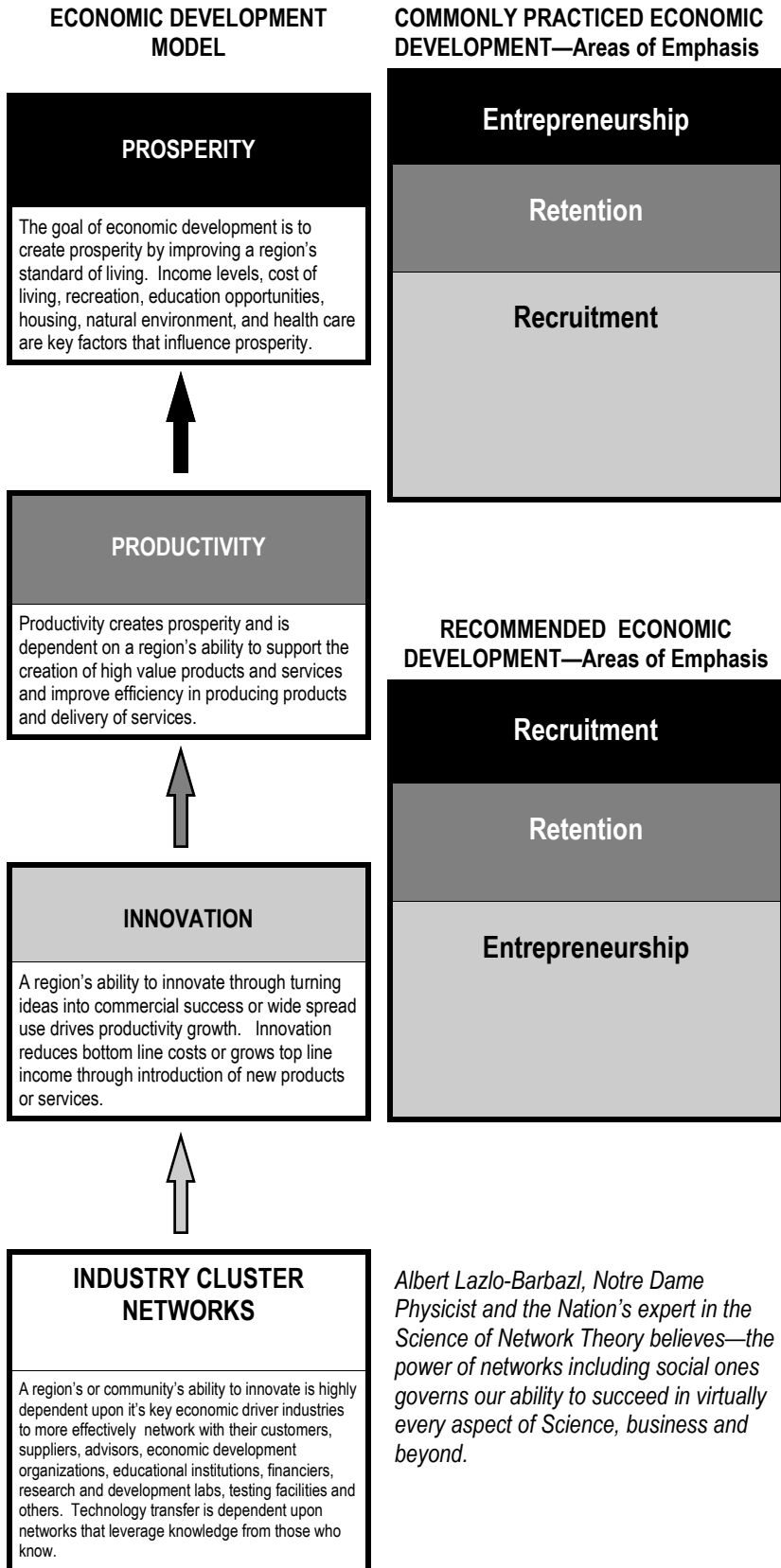
GOAL 7: Promote and help further protect our natural resources and improve our recreation opportunities. *Having high quality natural resources and recreation opportunities are key factors today in retaining and attracting a knowledge-based workforce and also influences business expansion decisions. The Mississippi River Region has vast recreation resources that can be used to attract workers and businesses. Some examples include: Kinnickinnic State Park, Lake Pepin, Merrick State Park, Upper Mississippi River US Fish and Wildlife Refuge, Perrot State Park, Black River State Forest, Fort Mc Coy Recreational Areas, Coulee Region Experimental Forest, Wildcat Mountain State Park, Kickapoo Valley Reserve, The Great River Road, The Great River Trail, and the Sparta Elroy Trail.*

Objectives	Time Frame
Objective A: Assist Vernon, Jackson and Trempealeau counties with updates to their Outdoor Recreation Plans.	Time Frame: 2007-2010
Objective B: Continue to provide recreation planning and implementation assistance to the Village of La Farge and City of Independence who were successful recipients of State DNR Stewardship grants in 2006. These funds are to be used to construct new bathrooms and show facilities in La Farge's village park and for expanding a park in Independence to accommodate recreational and vehicle camping, make improvements and modifications to a handicapped fishing pier and provide handicapped accessible access to gazebo and playground equipment.	Time Frame: 2007-2008
Objective C: Continue to provide recreation planning and implementation assistance to the Town of Diamond Bluff (Pierce County) who the MRRPC recently assisted with a State DNR grant to fund two handicapped fishing piers on the Mississippi River.	Time Frame: 2007-2009
Objective D: Continue to provide recreation and transportation planning assistance to the Mississippi River Parkway Commission that can lead to the Region's communities benefiting from the Federal Highway Administration's Enhancement Grants. The City of Prescott's Visitors' Center, the Trempealeau-Winona Great River Trail Connector, the City of Onalaska's recently awarded enhancement grant, and Village of Ferryville's Mississippi River viewing facility are examples of how the Region's communities can benefit through participation in the Mississippi River Parkway Commission and Federal Scenic Byway funding.	Time Frame: 2007-2012

GOAL 8: Promote and continue to develop the MRRPC's organizational capacity to provide planning and economic development services to the Region.

Objectives	Time Frame
Objective A: Continue to provide cost shared planning and economic development services and program coordination to our counties, local governments, and economic development organizations in the following areas.	Time Frame: 2007-2012
<ol style="list-style-type: none"> 1. Comprehensive Planning Assistance 2. Zoning, Land Use and Development Regulation Assistance 3. Economic Development Planning and Implementation Assistance 4. Regional Planning and Development Assistance 5. Hazard Mitigation Planning and Recovery Implementation Assistance 6. Community and Business Financing Assistance 7. Government Financing and Capital Improvement Programming Assistance 8. Community Facility and Infrastructure Planning and Development Assistance 9. Park and Recreation Planning and Development Assistance 10. Transportation Planning and Development Assistance 11. Natural Resource Planning, Protection and Implementation Assistance 12. Energy Conservation Planning and Development Assistance 13. Socio-Economic Data and Geographic Information Service Assistance 	
Objective B: Provide comprehensive planning services to Trempealeau County and the Town of Hamilton, Town of Medary and City of Mondovi.	Time Frame: 2007-2008
Objective C: Provide multi-hazard mitigation planning assistance to Buffalo, Jackson and la Crosse County	Time Frame: 2007
Objective D: Provide economic development planning services to assist Vernon County's Tourism Committee determine program and project priorities to help build their economic development capacity.	Time Frame: 2007-2009

The information below illustrates the basic concepts of industry cluster based economic development and the following page shows how these concepts could be applied to our region.



Private sector leadership and public support is needed to build our Region's industry cluster and entrepreneurial capacity. The following diagrams a five phase private and public networking process to implement Industry Cluster Based Economic Development in the Region.

Developing Our Region's Industry Clusters

Phase 1, Recognition of Region's Industry Clusters

- Identify and give recognition to the key industry clusters driving the regional economy.



Phase 2, Organization

- Establish individual cluster groups, identify cluster stewards (organizers of the process) and cluster leaders (champions = industry leaders that will legitimize the initiative and bring in other industry representatives).
- Develop committed leadership.
- Engage Stakeholders – actively meet and solicit participation of others.
- Develop a communication system that keeps members involved and updated (web based).



Phase 3, Analysis

- Determine how the region is doing from an economic perspective.
- Conduct more in-depth cluster mapping by NAICS codes (not just large producers in the region).
- Identify, analyze, and compare each of the economic inputs needed for the industry cluster.



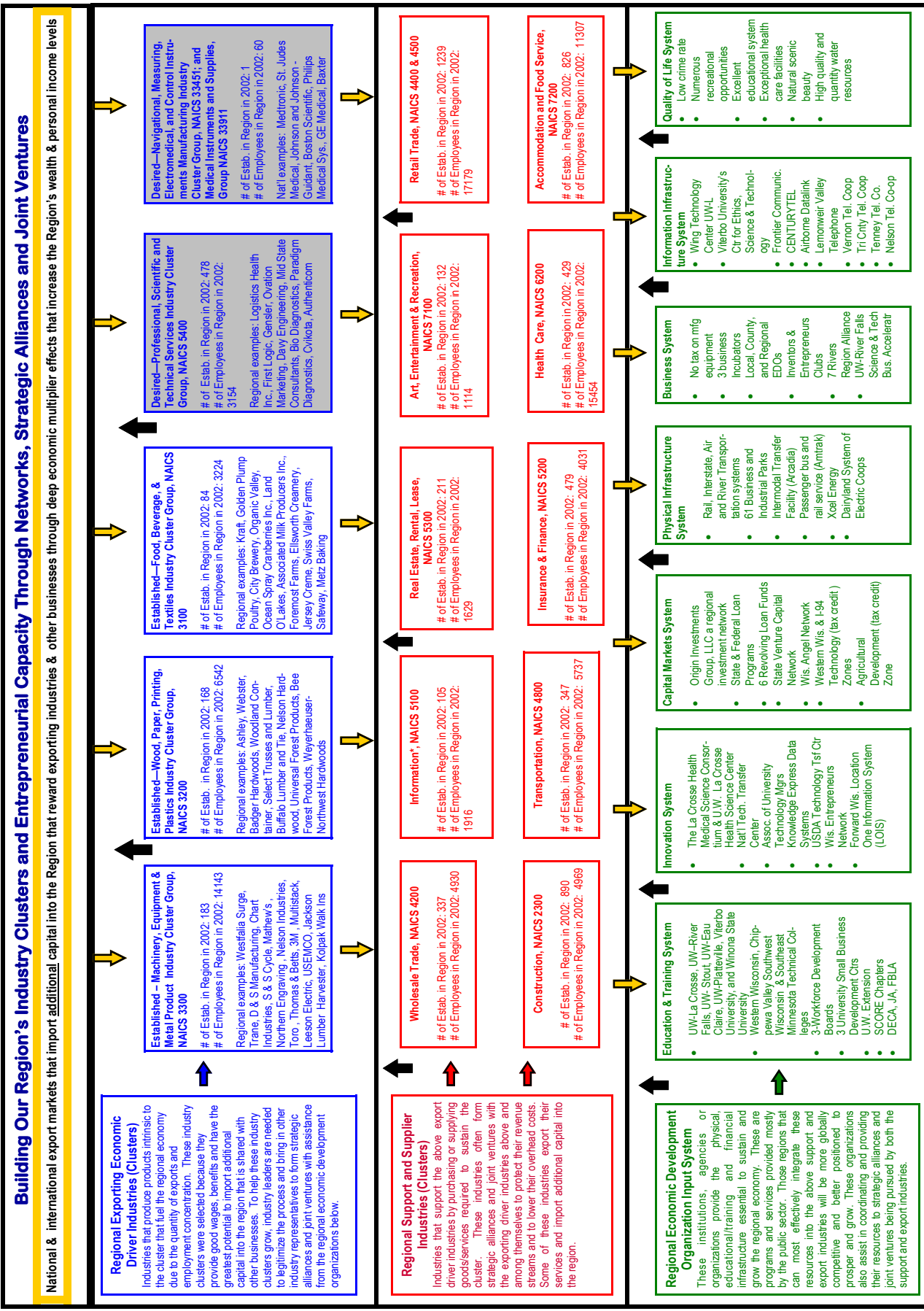
Phase 4, Facilitation to Identify Shared Problems & Opportunities

- Facilitation must involve input and participation of all industry representatives, suppliers, public and private agencies or institutions that impact the industry cluster.
- The industry cluster group should build on good competitive analysis from Phase 3 and work on identifying shared problems, reaching agreements on changes to their own policies, programs and practices to make the region more competitive.
- As other industry cluster groups are developed the various groups need to collaborate and define shared challenges and work together across clusters to solve the problems (cross-cutting).



Phase 5, Implementation and Maintenance

- Implementation should not involve just recommendations, but require actions that can be measured by results and identify who will carry out the actions.
- Strong industry cluster leadership must be developed and maintained that will help schools, universities, utilities, banks, investors developers, city and county planning, and regulatory agencies to learn more about the needs of a high performing economy and industry cluster.
- Real cluster networks must be maintained in which producers, suppliers, public agencies, and major institutions (school, banks, utilities, etc.) actively collaborate.
- Once the framework is in place, there should be strong reinforcement to continually make collaboration improvements.



The industry clusters and support industries are categorized by the North American Industry Classification System (NAICS). The number of industry establishments and employees by NAICS category include the nine counties of the Mississippi River Region. These counties are: Buffalo, Crawford, Jackson, La Crosse, Monroe, Pepin, Pierce, Trempealeau and Vernon.

Sources: U.S. Census Bureau—2002 County Business Patterns (NAICS); State of Wisconsin Department of Workforce Development—Wisconsin's WORKNET—Wisconsin's Large Employers and Mississippi River Regional Planning

INTEGRATING THE COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDS) REPORT IN WITH THE STATE OF WISCONSIN'S ECONOMIC DEVELOPMENT PRIORITIES.

Federal Comprehensive Economic Development Strategy report requirements call for integrating the CEDS in with a states economic development priorities. As of this writing the State of Wisconsin's economic development priorities are best articulated in Governor Jim Doyle's "Grow Wisconsin Plan". A press release for this initiative states "The steps in the plan are bipartisan—drawing on ideas offered by Democrats and Republicans—and also reflect comments received at 12 economic growth roundtables held across the state, as well as the advice of his Economic Growth Council". The following is a summary of this plan followed by how this Comprehensive Economic Development Strategy supports it.

The "Grow Wisconsin" plan consists of the following eight goals (each goal in this state plan is elaborated on in much more detail than is shown here):

1. **Retain and Create High Wage Jobs.** The CEDS reports on our lower income levels in the region and the need to work on industry cluster initiatives with traded industries. This is supportive of this State goal.
2. **Prepare Workers for Tomorrows Economy.** The CEDS reports on our region's high quality education system, lower post secondary education levels and the need to retain and attract a younger and higher educated workforce. This supports the attainment of this State goal.
3. **Create and Unleash Knowledge to Build Emerging Industry.** The CEDS reports on emphasizing industry cluster initiatives and to further develop the professional, scientific and technical services industry in the region. This is supportive of this State goal.
4. **Add Value to Wisconsin's Economic Base.** The CEDS report emphasizes developing economic development initiatives around our economic base industries of: (1) equipment, machinery and metal products, (2) agriculture and food processing and (3) forestry and wood products. This is supportive of this State goal.
5. **Tap Wisconsin's Full Urban Potential.** This goal is primarily targeted to the Milwaukee area. This CEDS report however does encourage recreation, arts, entertainment and cultural initiatives in cities and villages in our region to help develop vibrant economies that attract high growth and high wage industries. This is supportive of this State goal.
6. **Implement Strategies Regionally.** The CEDS report's primary focus is on regional economic development. This is supportive of this State goal.
7. **Lower Regulatory Burdens, Keep Standards High.** This initiative deals with a variety of subjects but a key one pertaining to our region deals with protecting our high quality natural environment. This CEDS report identifies the major natural resources in the region and their importance to maintain the region's high quality of life. This is supportive of this State goal.
8. **Develop World Class Infrastructure.** This CEDS report focuses on developing industrial parks, high speed rail, efficient energy production, and Internet broadband deployment. This is supportive of this State goal.

PERFORMANCE MEASURES

As an Economic Development District of the U.S. Department of Commerce (EDA) the Mississippi River Regional planning Commission is required annually to report to EDA on its performance. This will be based on EDA's and MRRPC's performance measures described below.

- Jobs created and retained after implementation of the CEDS.
- Number and types of investments undertaken in the region.
- Amount of private sector investments in the region after implementation of the CEDS.
- Changes in the economic environment of the region.
- Plans, reports, grants and proposals prepared to foster well planned communities and economic development in the region.
- Technical assistance services provided to local, state and federal governments; economic development organizations; and public institutions to assist them with their more immediate administrative, planning and economic development needs.
- Results of Government Performance Results Act (GPRA) reporting by the MRRPC when required by EDA .